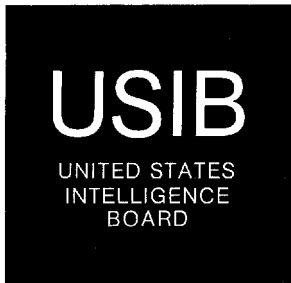


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National Intelligence Bulletin

State Dept. review
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DIA review(s) completed.

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PORTUGAL

The political situation deteriorated yesterday when the Communist Party ended the backing it had ostensibly been giving Prime Minister Azevedo and threw its support behind a rebellious left-wing military unit in Lisbon.

Believing that the political tide in Lisbon is turning against Azevedo and his Socialist-dominated government, the Communists apparently are seeking to shore up their relations with left-wing extremists who are leading the challenge to Azevedo. The Communists and extreme leftists have worked together occasionally, but the leftist fringe groups have more often been sharply critical of the Communist Party.

The Communists took a neutral stand when the military occupied radio and television stations last week. They were reportedly trying to avoid breaking with the newly formed Azevedo government. The Communists' action yesterday could foreshadow a decision to withdraw from the government.

In Lisbon, 10,000 demonstrators, including about 1,000 soldiers and sailors from several leftist units in the capital region, responded last night to the Communist-backed appeal to show support for the Lisbon Light Artillery Regiment's defiance of the government's attempts to bring it to heel. The rebellious artillerymen have mounted antitank and machine guns outside their barracks, claiming that government leaders are trying to "annihilate" the regiment.

Thousands also demonstrated in Porto last night to protest the government's decision Saturday to disband a military transportation unit there. The demonstration in Porto—where there have been almost continuous disturbances since Saturday—was preceded by a rally in support of the government by about 5,000 people, led by the centrist Popular Democratic Party. The Popular Democrats, along with the Socialists, have called for another rally in Porto today.

Prime Minister Azevedo shows no sign of buckling in face of the pressure from the left, and he appears to have won the support of President Costa Gomes. Costa Gomes sent a message to the armed forces Sunday night, following his return from Moscow, appealing to the soldiers not to follow political leaders but to obey their commanding officers. A government official was quoted in the press as saying that there may not be enough loyal troops in the Lisbon area to hold out if the left-wing civilian and military groups make a serious bid for power.

In a press interview over the weekend, Azevedo seemed to confirm the Socialist Party's claim that the leftists had planned a take-over last Wednesday. A source in the Prime Minister's office told the US embassy in Lisbon that the Socialists had mobilized at the request of anti-Communist military officers in the government.

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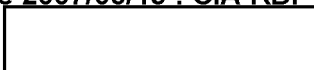
Azevedo also spoke about the new military force which he said he had formed last week to end dependence on the forces under General Carvalho. Carvalho has switched sides often in recent days, but most often he appears inclined to the far left. Press reports indicate that Azevedo is having trouble getting the new force organized because several dissident units are refusing to serve in it.

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SYRIA

President Asad, in another sharp attack on the Sinai agreement, asserted yesterday that Syria would not engage in any further negotiations for a Golan Heights accord unless concurrent negotiations on the Palestinian question are held with the Palestine Liberation Organization.

This appears to represent a serious change in Syria's negotiating position and all but rules out any chance of the US getting talks going soon between Syria and Israel.

Syrian propaganda attacks on the Sinai accord over the past week have been leading toward this shift. Some middle-level Syrian officials recently indicated in private that Syria was no longer in any hurry to recover a few more kilometers on the Heights and needs something for the Palestinians as well before an agreement with Israel can be politically acceptable.

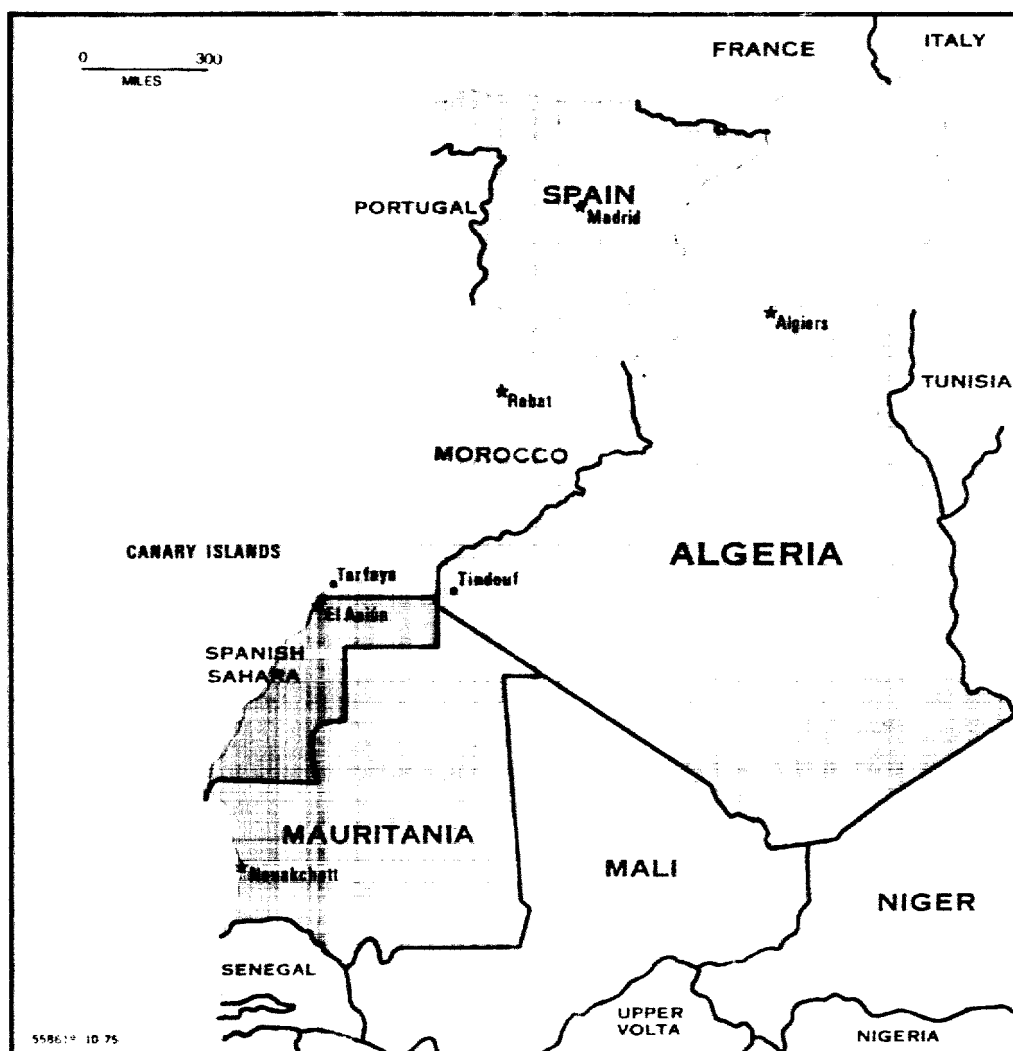
This is the first time, however, that Asad has insisted in public on a direct linkage between Syrian-Israeli negotiations and the Palestinian problem. Indeed, it marks a sharp change from early last month when the Syrians were telling US officials in Damascus to disregard Syrian criticism of the Egyptian-Israeli agreement because these attacks were largely for domestic consumption.

It is not clear what triggered Asad's about-face. He may have concluded from Foreign Minister Khaddam's talks with Secretary Kissinger last week in New York that there is no hope of rapid progress in negotiations. Asad may, therefore, believe he cannot afford to settle for what the Israelis were willing to offer without suffering acute public embarrassment and strong attacks from the Iraqis and his domestic opponents.

It is not certain what position Damascus will now take toward the renewal of the mandate of the UN forces on the Golan Heights, which expires on November 30. Asad may still find some way of rationalizing an extension of the mandate in order to allow the US more time to deal with the Palestinian issue. In the meantime, Syria is likely to redouble its efforts to obtain the support of other Arabs for its negotiating position.

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MOROCCO-SPAIN

Morocco reportedly has moved some military forces from the Tarfaya area near the border with Spanish Sahara. According to a senior Spanish officer, the troops began moving out over the weekend and appeared to be redeploying to the Algerian border.

The officer said Madrid was surprised by the move and so far has been unable to come up with a satisfactory explanation. Spain reportedly does not believe it is a maneuver to cover an imminent attack by the Moroccans into Spanish Sahara. The officer noted that the Moroccan army has in the past moved troops from the Spanish Saharan to the Algerian border.

There is no information at this time to confirm any move from the Tarfaya garrisons. If indeed troops are being moved, it is possible that they are relocating to the central Spanish Saharan border area to bolster forces there. Morocco has military units much closer to the Algerian border area that it would more likely deploy there.

A move by Morocco against Spanish Sahara in either the central or the eastern border area would involve less risk for Rabat than one in the coastal area, where most of the Spanish forces are concentrated. Morocco initially might be able to gain some success in the less defended areas.

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YUGOSLAVIA-CHINA-USSR

Yugoslav Premier Bijedic's precedent-setting visit to China began on a sour note yesterday when Soviet Ambassador Tolstikov led a walkout at the official reception.

All ambassadors from the USSR's East European allies except the Romanian joined Tolstikov in departing when First Deputy Premier Teng Hsiao-ping said, "The most dangerous source of war is the superpower that is most zealous in preaching peace." The last Soviet protest of this kind in Peking took place in 1972. The walkout yesterday is significant because Teng's anti-Soviet statement did not go beyond the language he had used at the recent reception for North Vietnamese party chief Le Duan; Tolstikov did not leave on that occasion.

The Soviet action probably was intended as a demonstration of unhappiness with the Yugoslavs and the Romanians, who also have been flaunting their ties with Peking. Earlier reports from Belgrade had suggested that the Soviets are less than happy with the Bijedic trip, which comes in the midst of Soviet-orchestrated polemics against Maoism.

Yugoslav commentaries on the Bijedic visit generally have tried to maintain a discreet distance from the Sino-Soviet conflict. Economic relations and an exchange of views on foreign affairs were described as the prime topics on Bijedic's agenda. One knowledgeable Yugoslav commentator stated last Friday that Belgrade is ready to reopen bilateral party relations, but he admitted this development may be some distance off. Chinese diplomats in Belgrade have confided that there is no possibility for an early resumption of party ties.

Yugoslav leaders have long suspected that Peking wants to embroil Belgrade in its conflict with Moscow. The Chinese charge in Belgrade last week told the US embassy that an agreement had been reached to exchange top-level military delegations and that the Bijedic party intends to discuss "strategy" during the visit. If Belgrade decides that these reports were in any way behind the Soviet protest, Tito could order a slowdown in contacts with Peking.

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USSR-CYPRUS

Nicosia announced last week that it has signed its first economic and technical cooperation agreement with Moscow. As with other recent Soviet agreements to extend aid to developing countries, no dollar value was placed on the assistance.

The agreement points up President Makarios' desire to obtain aid wherever he can. It probably also represents a Soviet attempt to indicate continued support for a unified Cyprus but without being too closely identified with the archbishop.

Moscow will extend long-term credits to cover the foreign exchange costs of construction after Soviet technicians have surveyed projects for possible assistance. Items mentioned include dams and a new airport at Nicosia.

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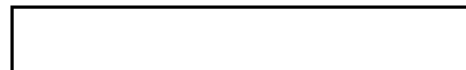
FOR THE RECORD

SINGAPORE-ISRAEL: Singapore is negotiating purchase of the Gabriel II naval cruise-missile system. Israel Aircraft Industries has quoted a price of \$8 million and has said the first system could be delivered within 30 months. Singapore will probably use the system to upgrade its six Seawolf-class large guided-missile boats. Four of these boats are armed with the Gabriel I, which has a range of 11.5 nautical miles. If an agreement is reached, Singapore will become the second country to order the improved 22-nm. version of the Gabriel. Taiwan ordered 25 missiles in 1971.

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